

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

March 10, 2003
6:00 p.m.

Council Chambers
Bellevue, Washington

PRESENT: Mayor Marshall, Deputy Mayor Degginger, and Councilmembers Creighton, Davidson, and Noble

ABSENT: Councilmembers Lee and Mosher

1. Executive Session

Deputy Mayor Degginger opened the meeting at 6:01 p.m. and announced recess to Executive Session for approximately one hour to discuss two items of pending litigation, one item of property acquisition, and one item of potential litigation. He noted a public hearing on occupancy options for the new City building scheduled for 7:00 p.m.

The meeting resumed at 7:00 p.m. with Mayor Marshall presiding. She said an additional item of potential litigation was discussed in the executive session.

Dr. Davidson led the flag salute.

2. Oral Communications

- (a) Renay Bennett spoke on behalf of Bellevue Charter Now and noted her interest in serving on the Pro Statement Committee for the voters pamphlet regarding the Charter City ballot measure. She asked Council to consider Stacy Anderson as an alternate for the committee.

3. Study Session

Mayor Marshall noted that Agenda Item 3(f) will be taken out of order.

- (f) Appointment of Councilmember to cast City Vote at Puget Sound Regional Council General Assembly

Diane Carlson, Director of Intergovernmental Relations, explained that the annual General Assembly meeting of the Puget Sound Regional Council (PSRC) will be held on March 20. She asked Council to provide general direction regarding PSRC's budget and work program for

Fiscal Years 2004-2005 and to appoint a Councilmember to cast Bellevue's vote at the meeting. PSRC's proposed biennial budget totals \$17.1 million. Bellevue's membership dues were \$53,677 for 2003. Under the proposed budget, Bellevue's dues are estimated at \$53,677 for 2004 and \$55,298 for 2005. Highlights of the work plan include an update of the Vision 2020 Plan, a value pricing demonstration, and an Intelligent Transportation Systems (ITS) study.

- ➡ Deputy Mayor Degginger moved to appoint Councilmember Lee to cast the City's vote at the PSRC General Assembly in support of the proposed 2004-2005 Biennial Budget and Work Plan. Mr. Noble seconded the motion.
- ➡ The motion to appoint Councilmember Lee to cast the City's vote at the PSRC General Assembly in support of the proposed 2004-2005 Biennial Budget and Work Plan carried by a vote of 5-0.

(a) Council New Initiatives

No new initiatives were discussed.

(b) Public Hearing on Qwest Building Occupancy Options

City Manager Steve Sarkozy said tonight is the first of several public hearings to involve the community in planning for the new City building. He recalled the City's purchase of the former Qwest building in December at a cost of \$29 million for the primary purpose of consolidating Public Safety operations. However, the building provides an opportunity to address overall City facility needs if desired. The purpose of this public hearing is to gather comments from the community regarding the building's use.

Carla Weinheimer, Project Manager and Community Development Manager, reviewed the schedule for ongoing discussions. Staff presented preliminary findings regarding occupancy options to Council on March 3, and a public open house meeting was held on March 4. The Technical Advisory Committee will present its recommendations regarding occupancy to Council on March 17. On March 24, staff will request Council direction on the building's occupancy. Ms. Weinheimer showed a video summarizing plans and alternatives for the new City building.

- ➡ Deputy Mayor Degginger moved to open the public hearing, and Mr. Creighton seconded the motion.
 - ➡ The motion to open the public hearing carried by a vote of 5-0.
- 1) John Valaas said he has worked and/or lived in downtown Bellevue for 20 years. He commended Council for purchasing the Qwest building and expressed strong support for consolidating all City functions into the facility. He listed the following benefits: 1) cost and operational efficiencies of maintaining one location, 2) economic stimulus to downtown, and 3) location near Transit Center.

- 2) Shannon Boldizsar, Government Affairs Director with Bellevue Chamber of Commerce, noted the Chamber's letter to Council regarding the City's use of the new building. The Chamber commends Council's leadership in purchasing the building and for encouraging community involvement throughout the process. The Chamber urges the City to consolidate all functions into the building and to pay for improvements using existing resources without raising taxes. Ms. Boldizsar noted office vacancy rates in downtown Bellevue and urged Council to use the building for City offices rather than leasing the space. The Chamber encourages the City to maximize the sale of the existing City Hall campus as part of the revenue package for a new City Hall.
- 3) Tony Schuler, a South Bellevue resident and member of the Somerset Community Association, said he is pleased with Council's action to purchase the building. He looks forward to learning more about plans for the facility.
- 4) Richard Leider, a resident of Beaux Arts, encouraged the consolidation of City services in the former Qwest building and expressed support for planned upgrades to the 911 Communications Center. He feels the City does a good job of planning for its future and commended Council for purchasing the building at a favorable cost. He feels the co-location of municipal functions will be good for the City and its residents.
- 5) Sue Baugh spoke in favor of consolidating all City functions into the former Qwest building. She lives and works in Bellevue, which she feels is a great city, and praised Council for its leadership in purchasing the building. Ms. Baugh encouraged the City to create an attractive and memorable facility for current and future residents.
- 6) Leslie Lloyd, President of Bellevue Downtown Association, submitted a letter for the record and noted she has lived in Bellevue for 18 years. She encouraged the co-location of all municipal functions in the new City building because she feels this will be the best financial solution. Co-location will enhance the delivery of public services and improve the 911 Communications Center. Ms. Lloyd supports moving all City employees into the building and thereby filling office space in an area experiencing relatively high vacancy rates. She discouraged the City from adding conference facilities as an option and noted conference space available in Meydenbauer Center across the street as well as in local hotels. She encouraged Council to be creative with the building and to provide a facility of which the community can be proud.
- 7) John Chelminiak, a resident of Vuecrest, thanked Councilmembers for their purchase of the building and encouraged them to make it a true City Hall. He supports the long-awaited investments in public safety facilities and noted the Comprehensive Plan calls for locating City Hall in the downtown. He feels the building's location near the Transit Center is ideal, and the building offers the opportunity for a public plaza and enhanced customer service.
- 8) Stacy Anderson, a resident of Surrey Downs, suggested adding a public artist and/or visual artist to the Technical Advisory Committee created to help plan for the use and

renovation of the former Qwest building. She encouraged landscaping, sculpture, and a percentage of funding for art.

- Deputy Mayor Degginger moved to close the public hearing, and Mr. Noble seconded the motion.
- The motion to close the public hearing carried by a vote of 5-0.

Mayor Marshall said the two absent Councilmembers will review the public hearing on videotape to become familiar with the public input. Deputy Mayor Degginger encouraged citizens to submit comments via mail or email.

- (c) Resolution No. 6823 authorizing the execution of a professional services agreement with ARC Architects for architectural, engineering, and site design services to construct the South Bellevue Community Center and improvements to Eastgate Park in an amount not to exceed \$920,000. (CIP Plan No. P-AD-61)

Parks and Community Services Director Patrick Foran recalled last week's presentation of the professional services contract for the South Bellevue Community Center and subsequent questions by Councilmembers regarding the errors and omissions (E&O) insurance coverage. Council questioned whether the proposed coverage applied only to Bellevue's project or to the entire firm as well as the City's obligation to pay for the coverage. Mr. Foran said the additional coverage to \$2 million covers the entire firm and not just the Bellevue project. The cost of the additional coverage for ARC Architects is \$16,000. Staff has researched the preliminary costs of project-specific insurance coverage and estimates a range of \$80,000 to \$100,000. ARC Architects is asking the City to consider funding \$12,000 of the \$16,000.

Mr. Foran reviewed the following options for Council consideration:

1. Accept staff's recommendation to retain insurance limits of \$1 million and approve the contract authority of \$920,000.
2. Increase the insurance limits to \$2 million and approve the contract authority of \$932,000.
3. Reject the contract and direct staff to proceed with a new consultant selection process.
4. Retain the contract at the not-to-exceed \$920,000 level and direct staff to negotiate the best arrangement for \$2 million in coverage within that contract.

Responding to Deputy Mayor Degginger, Risk Manager Joanne Nicolai recommended moving to \$2 million in E&O insurance coverage because total project costs are estimated at \$8 million. She noted the risks associated with a building project.

Responding to Dr. Davidson, Mr. Foran said under the fourth option staff would review the contract and identify reductions in the scope of work in order to obtain the higher insurance coverage and remain within the \$920,000 contract amount. It is likely staff would complete some of the work instead of the architectural firm. Dr. Davidson expressed support for the fourth

option because he does not think it would be fair for the City to cover insurance for the entire firm.

- ☛ Dr. Davidson moved to approve option 4 to retain the contract at the not-to-exceed \$920,000 level and direct staff to negotiate the best arrangement for \$2 million in errors and omissions insurance coverage within that contract. Mr. Degginger seconded the motion.

Mr. Creighton asked whether the contract includes a provision that the limits be carried for a period of time beyond project completion. Ms. Nicolai said the insurance coverage would apply during construction and for three years beyond completion.

- ☛ The motion to approve option 4, to retain the contract at the not-to-exceed \$920,000 level and direct staff to negotiate the best arrangement for \$2 million in errors and omissions insurance coverage within that contract, carried by a vote of 5-0.

- (d) Factoria Boulevard Project Update
(Postponed from March 3 Study Session; Council action scheduled for March 17.)

Dave Berg, Transportation Assistant Director, said the purpose of tonight's presentation is to provide an update on the Factoria Boulevard project and to discuss three change orders which together will exceed the contract amount by 9 to 11 percent. Contract increases in excess of 10 percent require Council approval.

Mr. Berg reviewed the project scope:

- Extension of a southbound lane between the 3600 block and the north Factoria Mall entrance.
- Intersection improvements to SE 38th Street.
- A new traffic signal at SE 40th Lane.
- Intersection reconfiguration at SE 41st Place.
- Access management treatments such as center medians, turn restrictions, and driveway consolidations between the 3600 block and SE 41st Place.

The project is 40-percent complete and current work is focused on the detention/water quality vaults. Next steps include sidewalk replacement for approximately six weeks, followed by night-time water line work. The final phase, pavement rehabilitation, will be completed next summer.

Mr. Berg emphasized that all businesses are open and accessible during construction. He thanked residents for their patience in dealing with the traffic disruptions. The City continues to negotiate on six properties that have been through the condemnation process but final agreement has not been reached.

Mr. Berg said the project incorporates artistic elements including decorative trellises along the sidewalks and tiles describing the history of the area. Benches and landscaping will be provided at select locations.

Mr. Berg recalled an update to Council in December about Change Orders 1 and 2 to accommodate a change in the type of wall. The project was initiated last summer but the utility relocation work took longer than anticipated, which delayed construction of the wall until September. In the interim, the contractor proposed a different type of wall that would be quicker to construct in order to complete the work before the holiday shopping season. This resulted in increased costs associated with the wall. Change Order No. 2 installed casings to allow for the future relocation of the sewer line, which increased costs approximately 7 percent above the contract level.

Change Order No. 3 became necessary two weeks ago when excavation for the detention vault revealed a high water table on the north end of the project, near SE 38th Street. The water table was much higher than when soil borings were initially made during the design phase. This required additional shoring and foundation work for the detention vault. The cost of Change Order No. 3 is currently the subject of negotiations with the contractor.

Mr. Berg said the original contract was \$3.582 million. The three change orders bring the contract amount to an estimated \$3.9 million, which is within the range of a 10 percent increase requiring Council approval. Staff considered deleting the southbound lane extension and/or reducing median landscaping to stay within the budget but rejected both ideas.

Mr. Berg reviewed the overall project budget totaling \$7.28 million. The current budget is \$6.62 million, leaving a deficit of \$657,000. He noted that a majority of the deficit represents contingency funds for the property acquisition phase. Staff recommends leaving the budget alone until property acquisition negotiations are completed. If additional funds are needed, staff will request Council approval.

Mr. Berg said Council approval of Change Orders 1 through 3 will be presented as a Consent Calendar item on March 17.

Deputy Mayor Degginger thanked Mr. Berg for his report and commended staff for their efforts to manage the risks on this project.

(e) Appointment of Pro and Con Statement Committees for Voters Pamphlet

Mr. Sarkozy explained that under state law, the City Council is responsible for appointing the Pro and Con Statement Committees for the Voters Pamphlet. A special election will be held on May 20 to consider a ballot measure that would change Bellevue's classification under Revised Code of Washington Title 35A to a Charter Code City. He noted the list of applicants for both committees in the Council packet.

- ➡ Deputy Mayor Degginger moved to appoint the committees as follows:

Pro Statement Committee

Renay Bennett
Rebecca Lewis
Don MacKenzie

Con Statement Committee

Nan Campbell
Richard Chapin
Jane Hague

Mr. Creighton seconded the motion.

Mayor Marshall thanked everyone who applied for the committees.

- ➡ The motion to appoint the Pro and Con Statement committees for the Voters Pamphlet carried by a vote of 5-0.

4. Discussion of Upcoming Items

- (a) Management Brief regarding Easement Relinquishment

Mr. Sarkozy noted the management brief regarding an easement relinquishment and asked staff to provide a report.

Utilities Director Lloyd Warren said the management brief explains how the encroachment into a utilities access easement occurred. He noted there are two encroachment issues, one public and one private. The City does not fully utilize the 30-foot easement that accesses a pump station, which also provides driveway access for adjacent properties. In order to facilitate a resolution to this matter, the City has identified an additional easement to the east and no longer needs the access affected by the encroachment. However, the private encroachment matter is yet to be resolved.

Kate Berens, Legal Planner, said staff became aware of the encroachment through a series of enforcement actions on the property related to a single-family development.

Responding to Mr. Noble, Ms. Berens said the Hearing Examiner has already found a violation with regard to the private easement and compliance will be required.

At 8:02 p.m., Mayor Marshall declared the meeting adjourned.

Myrna L. Basich
City Clerk

kaw